

**Introduced by Senators Pavley and Rubio**  
**(Coauthor: Senator DeSaulnier)**  
(Coauthors: Assembly Members Wieckowski and Williams)

January 5, 2012

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An act to add Section 20211 to the Government Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

SB 955, as introduced, Pavley. Public Employees' Retirement System: pension fund management.

The Public Employees' Retirement Law creates the Public Employees' Retirement Fund, which is a trust fund created and administered solely for the benefit of the members and retired members of the Public Employees' Retirement System and their survivors and beneficiaries. The Board of Administration of the Public Employees' Retirement System has the exclusive control of the administration and investment of moneys in the retirement fund.

This bill would require the board to prioritize an investment in an in-state infrastructure project over alternative out-of-state infrastructure projects if the investment in the in-state project is consistent with the board's fiduciary duties to minimize the risk of loss and to maximize the rate of return.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. (a) The Legislature finds and declares all of the  
2     following:

1 (1) Due to the current economic recession in which the residents  
2 of the state and the nation as a whole find themselves, infrastructure  
3 investment represents a significant opportunity to spur job growth  
4 while improving California's infrastructure, which is important to  
5 maintain business competitiveness.

6 (2) While California may be emerging from the recession, over  
7 2,000,000 Californians remain unemployed.

8 (3) Investments in infrastructure can provide much needed  
9 employment opportunities for Californians struggling to find work,  
10 as well as provide a steady rate of return for investment funds that  
11 invest in those projects.

12 (4) The California Public Employees' Retirement System  
13 (CalPERS) has announced plans to invest eight hundred million  
14 dollars (\$800,000,000) in both public and private infrastructure,  
15 including, but not limited to, transportation, energy, natural  
16 resources, utilities, water, communications, and other social support  
17 services.

18 (5) Because CalPERS investments stem from contributions  
19 made by California's workers, those investments should remain  
20 in California to the maximum extent possible.

21 (b) Accordingly, it is the intent of the Legislature in enacting  
22 this act, consistent with the plenary authority and fiduciary  
23 responsibilities of the retirement boards of public pension or  
24 retirement systems under Section 17 of Article XVI of the  
25 California Constitution, that those retirement boards that have  
26 specifically targeted infrastructure investment policies prioritize  
27 investments in projects located in California.

28 SEC. 2. Section 20211 is added to the Government Code, to  
29 read:

30 20211. (a) For the purposes of this section, "infrastructure"  
31 includes, but is not limited to, telecommunications, power,  
32 transportation, port, petrochemical, and utilities.

33 (b) Except as provided in subdivision (d), the board shall  
34 prioritize an investment in an in-state infrastructure project over  
35 an alternative out-of-state infrastructure project if the investment  
36 in the in-state project is consistent with the board's fiduciary duties  
37 to minimize the risk of loss and to maximize the rate of return.

38 (c) Except as provided in subdivision (d), the board may invest  
39 in out-of-state infrastructure projects only after having considered  
40 existing California infrastructure project proposals and determining

1 that investment in the in-state projects would not be consistent  
2 with the board's fiduciary duties to its members when compared  
3 to out-of-state infrastructure projects.

4 (d) Nothing in this section shall require the board to take action  
5 that is not consistent with its plenary authority and fiduciary  
6 responsibilities as described in Section 17 of Article XVI of the  
7 California Constitution.

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